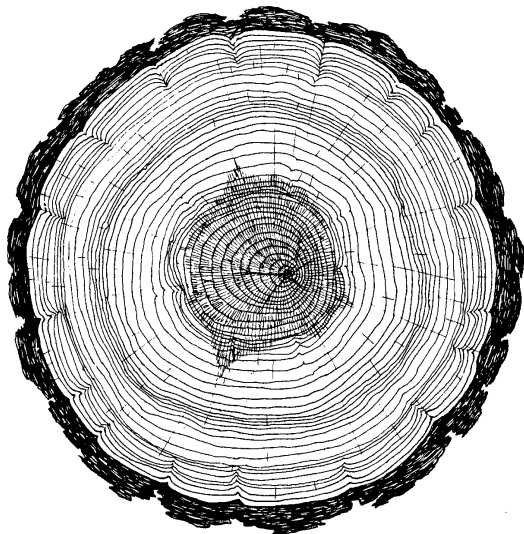


TEXAS TIMBER PRICE TRENDS



BIMONTHLY MARKET REPORT

VOL. 20 NO. 3

May/June 2002

T E X A S
FOREST  **SERVICE**
The Texas A&M University System

TEXAS TIMBER PRICE TRENDS

WHAT IS THE PURPOSE OF THIS REPORT?

Texas Timber Price Trends is a bi-monthly publication reporting average prices paid for standing timber, commonly called the “stumpage price,” for the two months listed in the report. Its purpose is to provide timely information concerning timber market conditions in order to improve decision making and foster fair transactions that benefit both buyer and seller and encourage conservation of the timber resource. Market information is particularly important to nonindustrial private landowners who are only infrequent participants in this complex market.

WHERE DOES THE DATA COME FROM?

Average stumpage prices published in this report are calculated from actual timber sales as reported by over 60 cooperators active in the East Texas timber market. Reporters include consulting foresters, large nonindustrial landowners, financial institutions, forest products companies, and state and federal agencies. Research has shown that a diversity of reporters tends to reduce bias and improve the reliability of the price estimates.

HOW ARE AVERAGE PRICES CALCULATED?

The calculation of average prices weighs each sale by the volume sold. This is done to filter out the effect that the size of the sale has on the price paid, thus providing a more consistent and meaningful average. The result is that the average price reported is the average price paid per unit of volume, NOT per the average timber sale.

The price per ton for each product category is calculated from the price per volume unit using the conversion factors listed on page 8 of the report. Readers should note that volume to weight conversions vary depending on the average diameter of the logs in the sale. Because we don't have information on average diameters for each sale reported, the per ton prices presented are based on an average conversion factor and not information from the specific sales reports.

HOW CAN I USE THIS REPORT?

This report is intended to serve only as a guide to general price levels. Individuals interested in selling timber can use this report to monitor market trends and get a general idea of what their timber is worth. However, it should not be used to judge the fair market value of a specific timber sale. The price paid for a specific stand of timber will vary considerably due to such factors as: size, species, and quality of timber; total volume and volume per acre; logging conditions; distance to the mill; end product of manufacture; and current demand and local competition for timber. Additionally, timber markets often change rapidly and therefore past prices are not necessarily a reflection of current market prices. We strongly recommend the use of competitive bidding process as the ultimate determinant of market price for any specific tract of timber.

COMMENTS

Pine Sawtimber Prices: Seasonal Reduction

Pine sawtimber stumpage experienced seasonal reduction in prices during the May/June 2002 period. The average prices for both Northeast and Southeast region of East Texas was \$331/mbf (\$41/ton) by volume-weighted average measurement. This average price represents a 16% decrease from the previous two-month period and 3% increase compared to a year ago. Unweighted average price (simple average of all reported prices) was \$319/mbf (\$40/ton) for East Texas region, \$12/mbf (\$2/ton) lower than the volume-weighted average price for the region. Unweighted average price for Northeast Texas was \$310/mbf (\$39/ton) and \$328/mbf (\$41/ton) for Southeast Texas.

Pine Pulpwood Stumpage Prices: Staying at Bottom

Stumpage prices paid for pine pulpwood during the May/June 2002 period averaged \$12/cord (\$5/ton) for East Texas. This average price remained virtually unchanged since the previous two-month period (\$11/cord) and a year ago (\$13/cord). The huge volume increase for the Southeast region at 35,891 cords reflected a large purchase of pulpwood by one of the major industrial buyers.

Pine Chip-N-Saw Stumpage Prices: Very Low

Stumpage prices paid for pine chip-n-saw during the May/June 2002 period averaged \$40/cord (\$15/ton). This average price was similar to that of the previous two-month period (\$41/cord), but was 22% lower than \$51/cord of a year ago. The highest pine chip-n-saw stumpage price during the last two decades was \$76/cord in 1998. Again, the huge volume increase in the Southeast region at 20,297 cords included a large chip-n-saw stumpage purchase by one of our major industrial buyers.

Pine Poles: Demand Steady

Stumpage prices of pine pole averaged at \$65-70/ton. Pine pole market demand was steady during the May/June 2002 period.

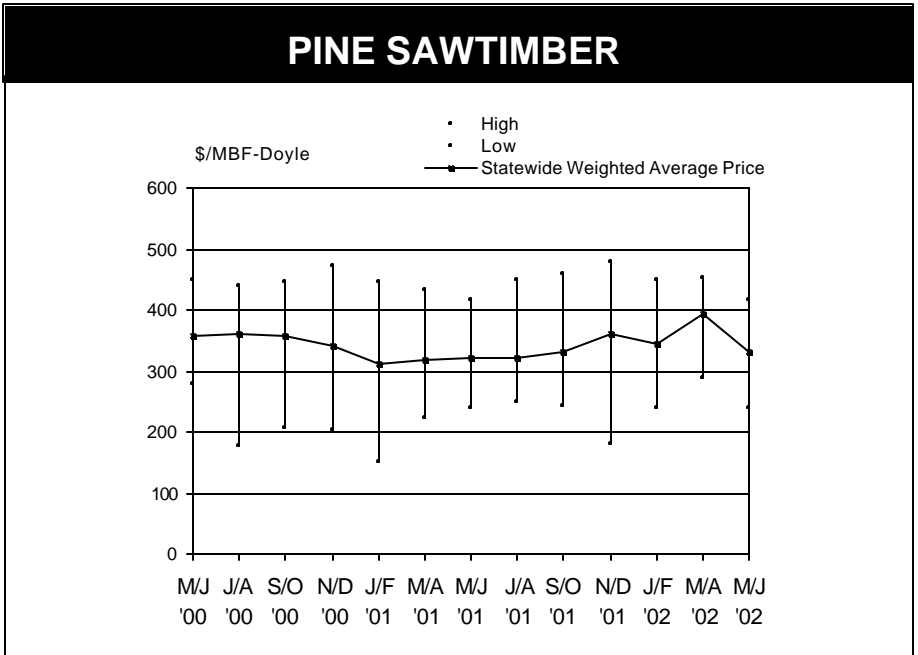
Hardwood Sawtimber Stumpage Prices: Climing Up

From the 14 sales reported to us, hardwood sawtimber stumpage price was up at \$121/mbf (\$13/ton) for East Texas during the May/June

2002 period. This average price was 22% higher than the previous two-month period (\$99/mbf) and 5% higher than a year ago (\$115/mbf). Total sale volume reported was 685 mbf (76 tons).

Hardwood Pulpwood Stumpage Prices: Rising

Hardwood pulpwood stumpage price was rising during the May/June period 2002, averaging at \$17/cord (\$6/ton) for East Texas. This was more than doubled the previous two months' price (\$8/cord) and 22% higher than a year ago. Most of the price increase was in the Northeast Texas region with an average price of \$19/cord (\$7/ton) for the May/June 2002 period. Southeast Texas stumpage price of hardwood pulpwood was much lower than the Northeast region, at \$11/cord (\$4/ton), but this was 59% higher than the previous two-month period of the Southeast region (\$7/cord).



TEXAS ANNUAL STATEWIDE AVERAGE STUMPAGE PRICES

Year	Pine			Hardwood	
	Sawlog	Chip-N-Saw	Pulpwood	Sawlog	Pulpwood
	\$/MBF-Doyle	\$/Cord	\$/Cord	\$/MBF-Doyle	\$/Cord
1984	170.53	30.85	23.48	54.61	4.03
1985	129.87	28.35	18.46	54.79	5.13
1986	127.45	23.68	14.53	46.16	4.18
1987	142.59	22.53	15.28	55.46	6.78
1988	152.31	24.88	16.33	64.93	6.59
1989	156.32	26.25	18.45	69.48	9.27
1990	163.34	30.12	22.17	62.20	6.03
1991	189.33	29.71	22.59	53.83	9.09
1992	252.26	39.39	27.98	67.04	10.10
1993	283.80	39.46	26.89	80.67	12.76
1994	358.03	47.81	22.75	93.77	15.57
1995	438.36	62.96	27.26	105.17	28.65
1996	395.46	59.18	25.25	88.28	10.78
1997	441.75	73.39	28.61	132.20	25.20
1998	414.51	76.40	37.01	138.75	14.41
1999	382.86	68.44	28.95	139.44	12.24
2000	376.57	57.69	19.20	120.88	7.97
2001	325.14	42.06	12.94	120.32	15.11
2002.1	344.97	38.73	13.12	126.65	12.56
2002.2	394.38	40.94	10.62	99.28	8.06
2002.3	330.67	39.73	12.35	120.93	17.02

TIMBER PRICE TRENDS IN TEXAS May/June 2002

01-Aug-02
Volume 20, No. 3

Product/Region	High	Low	Unweighted Average		Weighted Average(WA)		WA Last Period	WA 1 Year Ago	# of Sales Reported	Total Volume
PINE										
Sawlogs	<u>\$/MBF</u>	<u>\$/MBF</u>	<u>\$/MBF</u>	<u>\$/Ton</u>	<u>\$/MBF</u>	<u>\$/Ton</u>	<u>\$/MBF</u>	<u>\$/MBF</u>		<u>MBF</u>
Northeast TX	378.39	240.00	309.40	38.67	330.95	41.37	404.47	336.86	6	2,719
Southeast TX	416.00	295.06	328.01	41.00	330.55	41.32	390.42	311.56	22	6,369
Statewide*	416.00	240.00	318.70	39.84	330.67	41.33	395.18	321.52	28	9,088
USFS	**	**	**	**	**	**	**	**	**	**
Pulpwood	<u>\$/Cord</u>	<u>\$/Cord</u>	<u>\$/Cord</u>	<u>\$/Ton</u>	<u>\$/Cord</u>	<u>\$/Ton</u>	<u>\$/Cord</u>	<u>\$/Cord</u>		<u>Cords</u>
Northeast TX	17.25	5.00	13.18	5.27	15.09	6.03	14.83	12.30	6	3,290
Southeast TX	20.00	2.63	9.64	3.67	12.07	4.60	8.95	14.86	17	32,600
Statewide*	20.00	2.63	11.41	4.47	12.35	4.72	10.62	13.46	23	35,891
USFS	**	**	**	**	**	**	**	**	**	**
Chip-N-Saw	<u>\$/Cord</u>	<u>\$/Cord</u>	<u>\$/Cord</u>	<u>\$/Ton</u>	<u>\$/Cord</u>	<u>\$/Ton</u>	<u>\$/Cord</u>	<u>\$/Cord</u>		<u>Cords</u>
Northeast TX	52.50	52.50	52.50	20.00	52.50	20.00	**	57.09	2	770
Southeast TX	51.01	37.04	45.79	17.44	39.25	14.95	40.94	48.72	7	20,297
Statewide*	52.50	37.04	49.15	18.72	39.73	15.14	40.94	51.12	8	21,066
USFS	**	**	**	**	**	**	**	**	**	**
HARDWOOD										
Sawlogs	<u>\$/MBF</u>	<u>\$/MBF</u>	<u>\$/MBF</u>	<u>\$/Ton</u>	<u>\$/MBF</u>	<u>\$/Ton</u>	<u>\$/MBF</u>	<u>\$/MBF</u>		<u>MBF</u>
Northeast TX	288.00	108.00	183.60	20.40	122.27	13.59	**	118.07	5	480
Southeast TX	144.00	99.00	115.39	12.82	117.79	13.09	99.28	106.61	9	205
Statewide*	288.00	99.00	149.50	16.61	120.93	13.44	99.28	114.78	14	685
USFS	**	**	**	**	**	**	**	**	**	**
Pulpwood	<u>\$/Cord</u>	<u>\$/Cord</u>	<u>\$/Cord</u>	<u>\$/Ton</u>	<u>\$/Cord</u>	<u>\$/Ton</u>	<u>\$/Cord</u>	<u>\$/Cord</u>		<u>Cords</u>
Northeast TX	21.87	11.20	15.97	5.70	18.91	6.75	10.26	14.33	4	4,224
Southeast TX	14.00	6.00	10.43	3.73	10.63	3.80	6.70	11.68	10	1,252
Statewide*	21.87	6.00	13.20	4.71	17.02	6.08	8.06	13.94	14	5,476
USFS	**	**	**	**	**	**	**	**	**	**

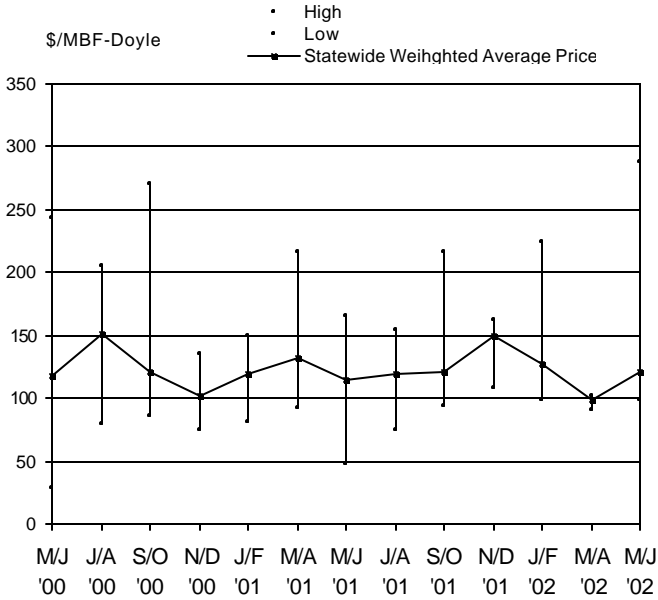
Price per ton is calculated from the average price per MBF or cord based on conversion factors listed under VOLUME CONVERSION FACTORS on page 8

MBF=Thousand Board Feet. The DOYLE LOG SCALE is used for all board foot measurements

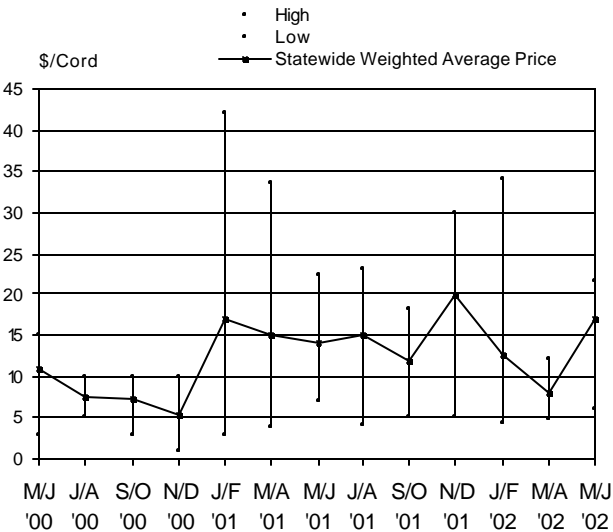
*Statewide data excludes U.S. Forest Service sales

**Insufficient sale activity to report price statistics (less than three reported sales).

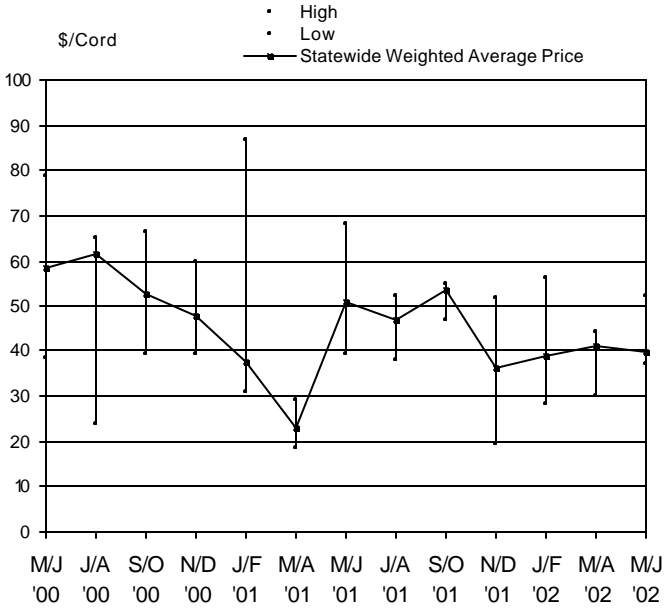
HARDWOOD SAWTIMBER



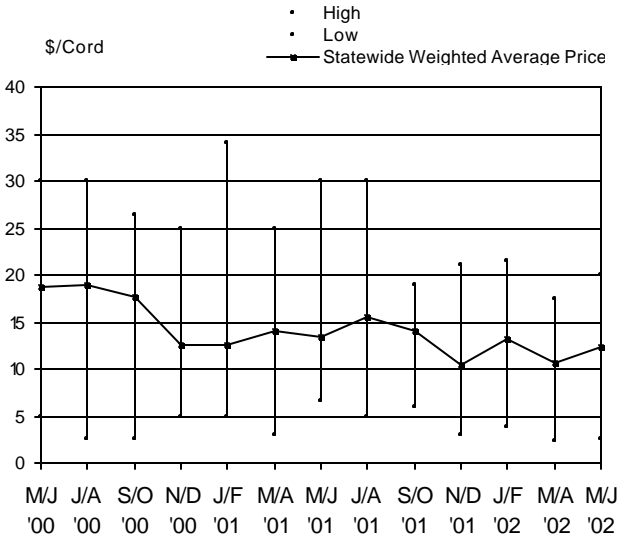
HARDWOOD PULPWOOD



PINE CHIP-N-SAW



PINE PULPWOOD



Texas Timber Price Trends

Market Regions



Northeast TX
Region I

Southeast TX
Region II



VOLUME CONVERSION FACTORS

Sawlogs - Veneer Logs

MBF-International-1/4" X 0.74 = MBF-Doyle
MBF-Scribner X 0.78 = MBF-Doyle
MBF-USFS Scribner X 0.814 = MBF-Doyle
Pine - 8 Tons = 1 MBF-Doyle
Hardwood - 9 Tons = 1 MBF-Doyle
2.37 Pine Cunits = 1 MBF-Doyle
1 Cunit = 100 Cubic Feet.

Pulpwood

Pine, Northeast TX - 2.5 Tons = 1 Cord
Pine, Southeast TX - 2.625 Tons = 1 Cord
Hardwood, 2.8 Tons = 1 Cord
Pine - 81 Cubic Feet = 1 Cord
Hardwood - 80 Cubic Feet = 1 Cord

SUBSCRIPTION INFORMATION

Texas Timber Price Trends is a publication of the Texas Forest Service and is available at \$2 per copy from your local TFS office, or through an annual mail subscription of \$10 per year. To subscribe, please send your request and check or money order (payable to "Texas Forest Service") to:

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This publication is also available free of charge on Texas Forest Service website (http://txforestservicetamu.edu/forest_management/texas_timber_price_trends/index.html).

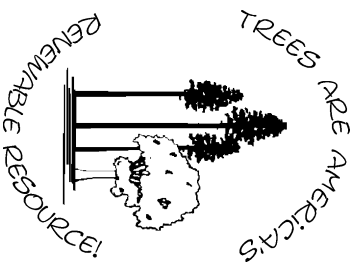
For more information, call (979)458-6650.

WANT TO BE A REPORTER?

If you are active in the East Texas timber market, please consider becoming a cooperating price reporter. You'll receive report forms bi-monthly with a self-return envelope. In addition, you'll receive a complimentary subscription to the report in exchange for your price information. To sign up, contact the Texas Forest Service at the above address.

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